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[South Vietnam: Enemy offensive activity yesterday remained relatively low, except in the northernmost portion of the country.

US Marines manning defensive positions just south of the Demilitarized Zone fought off a strong ground attack by North Vietnamese regulars. The assault, mounted under cover of darkness, resulted in 15 Marines killed and 23 wounded as compared with enemy losses of at least 23 killed.

* * * *

There is mounting evidence that the enemy position throughout much of the delta has been steadily declining during the year. [REDACTED]

[REDACTED] the Communists have been forced to take a defensive posture, with little hope of a significant gain in the short run.

There are several reasons for this situation. South Vietnamese troops in the delta have improved both in size and aggressiveness. Meanwhile, the Viet Cong took relatively heavy losses during most of last year. Despite this, the Communists further depleted their ranks by continuing to send experienced cadre out of the delta to help shore up other corps areas.

In recent months, the enemy has begun attempts to turn the tide. North Vietnamese regulars have been sent in to bolster Viet Cong force levels and sagging morale. At the same time, there are efforts under way to rebuild the Communist Party organization at the grass roots level. [REDACTED]

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Japan: A government white paper on the defense policy outlined in a leading Japanese newspaper is likely to stir sharp public debate.

The draft paper, attributed to the Japan Defense Agency, calls for Japan to develop its self-defense capability within the limits of its "peace" constitution. According to the paper, Japan should be prepared to meet any threat except "all-out war," in which case Japan would have to depend on the US nuclear retaliatory capability.

The published account accords with known official Japanese studies on the subject of national defense. It may have been let out as a trial balloon while the Diet is not in session and the opposition is least able to influence public opinion. Although the Japanese people are moving closer toward the government's views on defense policy, opposition forces undoubtedly will raise the specter of resurgent Japanese "militarism," particularly between now and the general elections expected early next year.

The critics will probably focus on the reported designation of Communist China as a threat to its nonnuclear neighbors, as well as on the paper's strong implication that Soviet air and naval activity near Japan also constitutes a threat. All attempts by the defense agency in previous years to publish a defense policy paper have aborted because of opposition charges that the designation of any country as a threat would be a "hostile act" in violation of the constitution.

The appearance of the white paper coincides with growing public debate over the role of Japan's "self-defense" forces and the US-Japan defense relationship. The timing of the paper, which reportedly is expected to be adopted officially by the government before the end of the year, may be aimed in part at reassuring the US that Tokyo intends to devote greater attention to military matters following the reversion of Okinawa to Japan.

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Brazil: The decision of top armed forces chiefs to postpone naming a successor to ailing President Costa e Silva is probably in part a reflection of their inability to agree on a single officer to succeed him.

On Tuesday a presidential palace spokesman said that the President would not be replaced until he is able to participate in the discussions about his successor. The service commanders reportedly agree that the President must be replaced by a four-star army general approved by the navy and air force. There are a number of contenders for the top spot. The postponement could give them additional time to reach a consensus.

The delay may also result from maneuvering by a small group of Costa e Silva's family and close advisers. They would like him to remain as titular president and have a newly elected vice president exercise the executive functions. These ambitious men, who include some cabinet ministers and military men, believe that their political careers depend on maintaining Costa e Silva in office. This may explain his wife's recent optimistic statements about a rapid full recovery. She previously had said that even were he to recover slightly she would never permit him to resume his official duties.

Another close supporter with presidential ambitions, Transportation Minister Andreazza, said on Wednesday that any attempt to replace Costa e Silva would be treated as treason. He expressed confidence that the governing triumvirate would not make such a decision before the President had recovered and decided for himself whether he should give up the office.

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South Africa: Prime Minister Vorster has met head-on the challenge from far-right dissidents in the ruling National Party.

In a hard-hitting speech to a provincial party congress on Tuesday, Vorster announced that national elections will be held early in 1970, a year ahead of schedule. Asserting that South Africa cannot afford a divided government, Vorster lambasted ultraconservative critics known as verkrampies or narrow-minded ones, who oppose his policies of cultivating relations with Black African states. Much of the attack was aimed at former cabinet minister Dr. Albert Hertzog, leader of the group which has accused Vorster of undermining South Africa's policy of strict racial separation.

The dispute between the two factions had been heating up since the round of provincial party congresses began early this month. It boiled over at the Transvaal congress when the ultraconservatives attempted to make an issue of the Vorster government's decision to permit Maoris on a New Zealand rugby team to compete in South Africa. Although the ultraconservatives suffered a resounding defeat and were threatened with expulsion from the party, Hertzog and his supporters have continued to challenge the party leadership.

Vorster, who has kept somewhat aloof from the dispute in order to strike the pose of a national leader, probably became convinced that he must act to protect his position and prevent dissension at the grass roots. In calling for elections next year he probably also believes he can prevail because his faction is numerically stronger and because he controls the party apparatus. If the small but vocal verkrampie element is unable to rally support for its position, it is likely to form a party of its own.

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West Berlin: Three East European governments are seeking to establish commercial offices in West Berlin.

Romania has formally requested the city's Senat to permit the establishment of separate offices to deal with information, trade, tourist, and air matters. Bulgaria and Hungary are expected to make similar requests soon. Poland and Czechoslovakia have had military missions with a variety of functions in West Berlin since the end of World War II, and the Senat does not anticipate any such proposals from them. By a tripartite agreement, the Soviets have so far been prevented from expanding their presence in West Berlin.

The Senat is consulting with the Western Allies and is inclined to require that Romania or any other East European state apply to the three Allied commandants for permission to open consulates in West Berlin before commercial offices are permitted. This is the procedure other governments have followed.

What the East Europeans are proposing would, of course, buttress long-standing Communist claims that West Berlin is a separate political entity and not a part of the Federal Republic.

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NOTES

25X1 USSR-Iceland: Two Soviet destroyers are scheduled to visit Reykjavik between 9 and 13 October at the time of Leif Eriksson Day celebrations. Soviet naval vessels frequently operate in the Norwegian Sea, but have not until now visited foreign ports there. This is the first Soviet naval visit to Reykjavik in the past decade, and Iceland is not likely to favor frequent Soviet use of its ports.

[REDACTED]

* * * *

25X1 Denmark-EC: Prior to the final round of discussions with Sweden, Finland, and Norway on the treaty establishing a Nordic Economic Union (NORDEC), the Danes have taken new soundings of their chances for entry into the European Communities (EC). They earlier had made it known they would prefer membership in the EC over entry into NORDEC. As a result of their inquiries, they believe that negotiations with the EC might take place as early as September 1970. Should these expectations gain strength in the coming months, the negotiations on NORDEC, scheduled for late 1969 and early 1970, will be delayed.

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